



Calgary Assessment Review Board

DECISION WITH REASONS

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

Bellare Industrial Coatings Inc.,(as represented by K. Quantz), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

K. D. Kelly, PRESIDING OFFICER

A. Wong, BOARD MEMBER

R. Cochrane, BOARD MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2013 Assessment Roll as follows:

ROLL NUMBER:	101025609
LOCATION ADDRESS:	5515 – 1A ST SW
FILE NUMBER:	70081
ASSESSMENT:	\$974,500

This complaint was heard on 2nd day of July, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- *K. Quantz – Owner/President*

Appeared on behalf of the Respondent:

- *T. Nguyen – Assessor – City of Calgary*

Regarding Brevity

[1] The Composite Assessment Review Board (CARB) reviewed all the evidence submitted by both parties. The nature of the submissions dictated that in some instances certain evidence was found to be more relevant than others. The CARB will restrict its comments to the items it found to be most relevant.

Board's Decision in Respect of Procedural or Jurisdictional Matters:

[2] None

Property Description:

[3] The subject is a 1977 (year of construction) single-tenant industrial warehouse building on 0.14 acres (Ac) located in the South Manchester industrial area. The subject has a building footprint of 3,800 square feet (SF) and a total assessable area of 4,998 SF. It has 60.82% site coverage; no "extra land" component; 48% finish, and is assessed at \$195 per SF for a total assessment of \$974,500.

Issues:

[4] What is the correct assessed value of the subject given that it was professionally appraised in December 2012?

Complainant's Requested Value:

[5] The Complainant requests an assessment of \$800,000 based on a professional property appraisal of the subject in December 2012.

Board's Decision:

[6] The Board confirmed the assessment at \$974,500.

Legislative Authority, Requirements, and Considerations:

[7] Under the *Municipal Government Act* (MGA), the Board cannot alter an assessment which is fair and equitable.

[8] MGA 467 (3) states:

"An assessment review board must not alter any assessment that is fair and equitable, taking into consideration the valuation and other standards set out in the regulations, the procedures set out in the regulations; and the assessments of similar property or businesses in the same municipality."

[9] The Board examines the assessment in light of the information used by the assessor and the additional information provided by the Complainant. The Complainant has the obligation to bring sufficient evidence to convince the Board that the assessment is not fair and equitable. The Board reviews the evidence on a balance of probabilities. If the original assessment fits within the range of reasonable assessments and the assessor has followed a fair process and applied the statutory standards and procedures, the Board will not alter the assessment. Within each case the Board may examine different legislative and related factors, depending on what the Complainant raises as concerns.

Positions of the Parties**(a) Complainant's Position:**

[10] The Complainant argued that he had been a tenant in the subject for six years prior to buying the property five years ago. He clarified that he paid approximately \$770,000, which was a "premium" at the time. He noted that the assessment of the subject last year was \$846,500 but this year the assessment has risen to \$974,500 which he considered excessive.

[11] The Complainant described the subject as a well-maintained block building having 3,750 SF of space, with parking for four cars in front and a single overhead door in the rear of the building. He argued that he would have to rent his building for \$16 per SF to achieve the assessed value but has it rented for only \$12 per SF.

[12] The Complainant advised that he had the subject property professionally appraised as of December 11, 2012. He provided a copy of the appraisal in his Brief C-1. He advised that the

appraisal valued the subject using both the Income Approach to Value, and, the Direct Comparison Approach – two commonly used and industry-accepted valuation techniques. He advised that the Income Approach to Value resulted in an indicated value of \$850,000, whereas the Direct Comparison Approach valued the subject at \$800,000. The overall estimate of value as established by the Appraiser therefore, as of December 11, 2012, was \$800,000.

[13] The Complainant requested on the basis of the formal property appraisal, that the assessment be reduced to \$800,000.

(b) Respondent's Position:

[14] The Respondent provided his Brief R-1 and argued that while the Complainant's appraisal is very professional in valuing the subject, it does not appear to have included certain assessable areas of the building in its calculations of value. He noted that the appraisal used only 3,750 SF of the building's 3,800 SF building "footprint" in its calculations. He also noted that the City's assessment calculation must include, and has included another 1,198 SF of fully-finished mezzanine space. He clarified that given a building footprint of 3,800 SF, the extra 1,198 SF of mezzanine space increases the total assessable area in the subject to 4,998 SF. He argued that when this additional assessable space is included in the calculations presented in the appraisal, the resultant value parallels the City's assessed value.

[15] The Respondent clarified that while it is a valid technique, the City does not currently assess industrial properties using the Income Approach to Value as used in the appraisal supplied by the Complainant. Consequently, the subject has not been assessed using the Income Approach to Value. Therefore, he has not provided any alternate calculations of value using this technique in his response to the Complainant's appeal.

[16] The Respondent noted that in valuing the subject, the appraisal referenced six property sale comparables. He provided a matrix containing the detailed characteristics of these six properties on page 13 of R-1. He noted that one sale at 5305 1A ST SW is a Post Facto sale that would not have been used by the City in its analysis of the market for assessment purposes as of July 1, 2012. He also noted that another property at 3915 8 ST SE is a "Court Ordered" sale which also would not have been used by the City. He provided selected copies of the legal documents associated with the sale. He argued that the Board should not put much weight on the valuations represented by these two sales

[17] The Respondent provided a matrix containing the site-specific characteristics and time-adjusted sales values for three market sale industrial properties he considered comparable to the subject. He noted that the time-adjusted market values for these three properties ranged from \$183.60 per SF to \$250.69 per SF. He argued that these time-adjusted market sale values support the assessment of the subject's 4,998 SF of assessable building area at \$195.04 per SF.

[18] The Respondent provided a second matrix containing the site-specific characteristics and assessed values for five industrial properties he considered comparable to the subject. Three are located on 1 ST SW, and two were located on 1A ST SW like the subject. All are in close proximity to the subject. He noted that the year of construction; assessable building areas; amount of site coverage; and range of assessed values, were very similar to the subject. He advised that the assessed values for these five properties ranged from \$180.68 per SF to \$192.99 per SF. He argued that this range of assessed values supports the assessment of the subject's 4,998 SF of assessable building area at \$195.04 per SF as being fair and equitable.

[19] The Respondent requested that the assessment be confirmed at \$974,500.

Board's Reasons for Decision:

[20] The Board finds that the finished mezzanine area of the subject is an assessable area of 1,198 SF which has been included in the Respondent's calculations of assessed value, but has not been included in the Complainant's appraised value of the subject. For example, the calculations outlined on pages 33 and 43 of the appraisal document demonstrate that only 3,750 SF of the 3,800 SF ground floor area was used to define the appraised value, and the 1,198 SF mezzanine is not included. While this may be entirely appropriate for appraisal purposes, the Board considers that for assessment purposes, both the assessable ground floor and the mezzanine areas should be included in the assessment calculation.

[21] The Board finds that when the 1,198 SF of mezzanine area in the subject is valued and included in the Complainant's appraised \$800,000 value, and the City's 3,800 SF of ground floor area is used, the resulting calculation approximates and supports the assessed value of \$974,500.

[22] The Board finds that the 3,800 SF of ground floor area used in the Respondent's calculation of value was not challenged by the Complainant, and therefore the Complainant's use of 3,750 SF in his calculations, appears to have resulted in an apparent conflict of values. It may be appropriate therefore for the parties to re-measure the subject to ensure the correct measurements are used in any further calculations of value.

[23] The Board finds that the Respondent's three market sales and six equity property comparables display individual site characteristics which closely match the subject. The range of values evident in these sales and equity comparables support the assessment as being correct, fair, and equitable.

[24] The Board finds that the Complainant provided insufficient information to demonstrate that the subject is not correctly, equitably, or fairly assessed.

DATED AT THE CITY OF CALGARY THIS 1 DAY OF August 2013.


 K. D. Kelly
 Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C-1	Complainant Disclosure
2. R-1	Respondent Disclosure

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*

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Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	Industrial	Single-tenant	market value	Appraised value